

EUROPEAN ECONOMIC AREA
STANDING COMMITTEE
OF THE EFTA STATES

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WORKING GROUP ON TOURISM

**Comments by the EFTA Working Group¹ on a proposal for a Council Decision on
the First Multiannual Programme to Assist European Tourism
(1997 - 2000) "PHILOXENIA"**

I INTRODUCTION

1. The Commission adopted on 30 April 1996 a proposal for a Council Decision on establishing the First Multiannual Programme to Assist European Tourism, "PHILOXENIA" (COM(96)168). The proposed programme, incorporating the actions specified in the Annex, shall have as a general objective to stimulate the quality and competitiveness of European tourism, in order to contribute to growth and employment. The Programme will cover the years from 1997 to 2000.
2. Part VI, Articles 78 to 80, of the EEA Agreement provides for EFTA EU co-operation outside the four freedoms, including the area of tourism. EFTA EU co-operation in tourism is also referred to in Article 8, of Protocol 31 to the EEA Agreement aiming "at identifying areas and actions where closer cooperation could contribute to the promotion of tourism and to the improvement of the general conditions of the tourism industry in the territories of the Contracting Parties". The aforementioned Article was amended by EEA Joint Committee Decision 8/94 of 7 June 1994 to incorporate Council Decision 92/421/EEC of 13 July 1992 on establishing a Community action plan to assist tourism 1993 to 1995, into the Agreement.
3. Since 1 January 1994, the EFTA EEA countries have participated fully in the Community action plan to assist tourism. To this end, various applications for projects were forwarded from EFTA EEA States under the call for proposals issued in the framework of the action plan. Representatives from the EFTA EEA States took part in all the meetings of the Management Committee, the Advisory Committee and the Consultation Forum with Certain Representatives from the Tourism Industry which took place in the framework of the action plan. The EFTA EEA countries attended the Forum on European Tourism held on 8 December 1995 in Brussels. The Forum was the

¹ Comprising the Delegations of the three EFTA EEA States Iceland, Liechtenstein and Norway

culmination of the Commission's consultation process on its Green Paper (COM(95)97), launched in April 1995, on the future role of the Community in the field of tourism. EFTA EEA comments on the Green Paper were forwarded to the Commission in summer 1995.

4. Through participation in the Community action plan, EFTA EEA States have contributed to the EU budget for tourism in the years 1994 and 1995 and posted a national expert to the Tourism Unit of DG XXIII in November 1995.

5. Furthermore, representatives from EFTA EEA countries attended the European Tourism Week organised by the Italian Presidency which took place in Naples and Caserta, Italy, from 7 to 11 May 1996. The main purpose of the conference was to continue the discussion on the future role of the Community in the field of tourism in the light of the Commission's adoption of PHILOXENIA, the First Multiannual Programme to assist European Tourism.

II GENERAL REMARKS

6. The EFTA Expert Group on Tourism draws a very positive conclusion of the co-operation with the Community under the action plan during the years 1994 and 1995 and welcomes the Commission's proposal on establishing the First Multiannual Programme to assist Tourism as a good basis to improve the competitiveness and quality of the European tourism sector as well as transnational co-operation between stakeholders. The Group notes with interest that the PHILOXENIA proposal, compared to the Action Plan, concentrates on fewer activities but with more in-depth analyses. Against this background, and in the spirit of the information and consultation procedure provided for in the EEA Agreement, the EFTA Expert Group on Tourism is pleased to forward these first comments on the proposed PHILOXENIA Programme. The Group will closely follow the further debate on the proposed First Multiannual Programme to Assist Tourism, and looks forward to a continuing dialogue on this matter.

7. Bearing in mind that public authorities, as such, cannot create more tourist demand, the EFTA Expert Group on Tourism would like to point out that in its view there is a **role for government authorities** to improve the general framework in which the tourism sector operates. The real effort to increase the level of both quality and competitiveness of European tourism, however, will have to be carried out by the European tourism sector itself. In this context, the Group would like to underline that experience shows that countries with an active tourism policy have proved to be more successful on the world market than countries where there was no tourism policy and that some EFTA Member States are currently undertaking steps in this direction.

8. With regard to the principle of **subsidiarity**, as established under the Treaty on the European Union, the EFTA Expert Group on Tourism is pleased to see that it will continue to guide the actions of the Community in the field of tourism. It is true that the Single Market with its free movement of persons, goods and services, makes it relevant to take the European dimension into account when formulating actions to assist the tourism sector. At European level, the focus should be on promoting quality and removing the obstacles for both the tourists and the tourism sector.

9. The EFTA Expert Group on Tourism welcomes the underlying philosophy of the proposal, **hospitality** or *philoxenia* in Greek. The Group is convinced that in order to improve both quality and competitiveness of European tourism not only technical measures are necessary, but that also hospitality is the key factor for the success of the sector.

III THE CHALLENGES FOR EUROPEAN TOURISM

10. The explanatory memorandum to the PHILOXENIA proposal outlines the fact that tourism is related to many of the current concerns of European citizens, such as economic growth, employment, environmental protection, cultural heritage conservation, education and training. The EFTA Expert Group on Tourism agrees that these are main challenges of modern societies and that strategies need to be developed also at European level to find satisfactory solutions to these concerns. The Group also shares the view that this will best be achieved by addressing the issues of competitiveness and quality of European tourism in an integrated manner.

11. Although Europe is still the world's leading tourist destination (51.1 per cent of total arrivals in 1995) the Continent has lost, over the last 15 years, almost 10 per cent in the tourism world market. New destinations, especially in East Asia and the Pacific Region have become successful competitors on the world market. The EFTA Expert Group on Tourism shares the view that the **globalisation** of the tourism market is a main challenge for the European tourism sector and that special efforts, also at European/regional level, are needed to ensure the **competitiveness** of the tourism sector. The Group would also like to point out that more of an emphasis should be put on achieving a reasonable price quality relation in the European sector.

12. As a result of the globalisation of the tourism market the issue of **quality** of European tourism has become evident: European suppliers often cannot compete with the low prices of overseas destinations, they can, however, offer higher quality products and services. The EFTA Expert Group on Tourism is pleased to see that improving the quality of European tourism is one of the main objectives of the PHILOXENIA Programme, since quality tourism has always been a major concern in the EFTA countries. We would also like to see that the programme could cover implementation of some quality standards.

13. The Commission proposal puts a great emphasis on the **economic and social importance** of the tourism sector for the Community. Tourism represents 5.5 per cent of the Community's GDP and directly employs over 9 million people (6 per cent of the Community's workforce) as well as many millions of others in downstream activities. Currently, tourism is the third largest industry of the world, behind the oil and the car industries. Moreover, tourism has an outstanding growth potential and will, according to forecasts of the World Tourism Organisation (OMT), become the world's leading industry by the year 2015. The EFTA Expert Group on Tourism agrees that these are impressive facts and figures and that employment possibilities in the tourism sector are of crucial importance especially for women, young and less qualified people as well as populations in rural and less developed regions. It seems worth mentioning in this context that tourism has a high impact on the local economy, where most of the wealth and the employment is created. The Group fully adheres to the statement as outlined in the explanatory memorandum to the PHILOXENIA Programme that "tourism generates new jobs rapidly and at a low relative cost" and notes with regret that this outstanding job creation potential has up to now not received adequate attention from government authorities or the public, while, in general, the employment potential of the high-tech and other capital intensive industries seems to receive more attention. The Group, therefore, welcomes the Commission's efforts to put the issue of tourism and employment high on the political agenda of the Community.

14. As pointed out in the explanatory memorandum to the PHILOXENIA proposal, tourism is a **highly heterogeneous sector**. It constitutes a complex system of over 100 branches which channel tourism spending flows throughout the economy. The business spans everything from a few multinational companies to thousands of small and medium enterprises and family companies. The EFTA Expert Group on Tourism would like to point out that a cross-sectoral approach is, therefore, essential with regard to the actions planned under PHILOXENIA proposal. A tourist experiences a stay away from home as an entity. Only high quality and well co-ordinated services as well as excellent product standards will, therefore, ensure his overall satisfaction.

15. In addition, the Commission proposal draws the attention to the fact that tourism is quite atypical in comparison with other European business sectors. On the one hand, tourism **activities are quite diffused**, involving almost every region in Europe, and on the other tourist **flows are concentrated in a rather limited area and/or time** causing a shortage in tourism facilities and land pressure. The EFTA Expert Group on Tourism agrees with the views outlined in the PHILOXENIA proposal that more co-ordination in terms of transnational partnerships between stakeholders and visitor management are needed.

16. The explanatory memorandum to the PHILOXENIA proposal points out the **"historical lack of recognition within government of the importance** of the tourism industry". The EFTA Expert Group on Tourism fully shares this concern and welcomes the proposal as a sign of increasing awareness of the importance of European tourism at official level. However, the Group would like to point out that the tourism sector also suffers from a lack of recognition within the general public and that efforts should be made, also at European level, to raise public awareness in this respect. Special emphasis

should be set on employment, as well as the availability of infrastructure, services and products for the populations concerned which would either be inexistant or of lower quality without tourist demand.

17. Another challenge for European tourism is **the relatively bad image regarding professional standards and career possibilities**. The EFTA Expert Group on Tourism shares the view expressed in the explanatory memorandum to the PHILOXENIA proposal and would like to point out the following: Although most of the effort will have to be done within national and/or regional frameworks, it should be ensured at European level that education and training of tourism professionals continues to be taken duly into account within the various Community education and training programmes. The Group would also like to point out that a high quality of education and training for professionals working in the tourism sector, especially also with regard to foreign workers, should be ensured.

18. As regards **environmental protection and cultural heritage conservation** in the context of tourism development, the EFTA Expert Group on Tourism, is similarly convinced that most of the action will have to be taken on national and/or regional level. The Group, however, welcomes the Community initiative to financially support European projects transferring and disseminating best practices in this respect. The Group, moreover, would like to highlight that the aspects of tourism impact on both the environment and cultural heritage should be considered within the respective existing and forthcoming Community programmes in these programmes.

VI ACTIONS PROPOSED UNDER THE PHILOXENIA PROGRAMME

19. The EFTA Expert Group on Tourism has noted with interest the seven immediate objectives of the PHILOXENIA proposal. However, the Group would like to take this opportunity to highlight a few aspects which in its view are prerequisites for successful actions in favour of tourism, be it at regional, national or Community level: A purely technical focus is not adequate in a sector highly depending on human, natural and cultural resources. A cross-sectoral approach is essential in this extremely heterogeneous business environment and integration of policies is a “sine qua non” in a sector as interdependent on other activities as tourism. The Group is also convinced that the actions planned under the PHILOXENIA Programme should address the specific challenges as outlined in the explanatory memorandum to the proposal and contribute to finding concrete solutions to them. Moreover, a control mechanism with regard to the implementation of such actions is crucial in the view of the Group.

20. Concerning the **development of tourism related information**, the EFTA Expert Group on Tourism would like to underline that it considers this as an added value activity and a basis for assessing the situation of the sector as well as for formulation measures in favour of tourism, especially with regard to the consolidation of the European statistical system. In this context, the Group is pleased to confirm that Council Directive 95/57/EC on the collection of statistical information in the field of tourism will be incorporated into the EEA Agreement shortly. The Group, also, welcomes the

idea of developing surveys, studies and desk/field analyses, it would, however, like to point out that such actions should focus on one or several of the specific challenges for the tourism sector, such as economic and social impact, co-operation between different branches, official and public awareness, education and training as well as impact on environment and cultural heritage.

21. The EFTA Expert Group on Tourism welcomes the proposal on **pooling tourism information from other sources** and establishing a European research and documentation network on tourism and is convinced that EFTA countries will play an active role in this context.
22. As regards the **establishment of a legal and financial watch in order to evaluate the impact on tourism of Community measures**, the EFTA Expert Group on Tourism would like to underline that emphasis should also be put on monitoring the implementation of measures with regard to the Single Market. Restrictions such as currency allowances and means of payment, excise duties, administrative formalities and control, departure taxes, international transportation, establishment of commercial presence, investment, public procurement, employment and mutual recognition of qualifications have not been removed completely yet and continue to have negative effects on European tourism.
23. As far as **reinforcing co-operation with Member States, the industry and other stakeholders** is concerned the EFTA Expert Group on Tourism is pleased to see that this action is foreseen to be a priority under the PHILOXENIA Programme and that actions undertaken at European level will be guided by a cross-sectoral approach. The Group fully adheres to the view that “success is dependent upon the establishment and development of partnerships which cut across and bring together various levels and sectors” and is convinced that partners from EFTA countries will play an active role. The EFTA Expert Group on Tourism, in this context, would like to point out that the organisation of round-tables, fora and thematic meetings should be co-ordinated with the subjects of the surveys carried out under Action A1 of the Programme in order to ensure a practical follow-up. Within the framework of reinforcing co-operation the EFTA Expert Group on Tourism would like to underline that emphasis should, similarly, be set in order to find possibilities to **better integrate the aspect of tourism into other policies**.
24. Furthermore, the EFTA Expert Group on Tourism has noted with regret that no Management Committee with representatives from the different Member States is foreseen for the PHILOXENIA Programme and that an extension of the function of the Advisory Committee is planned under the proposal. The Group, however, looks forward to a continuing dialogue on this matter.
25. With regard to the **promotion of sustainable tourism**, the EFTA Expert Group on Tourism welcomes the activities proposed under the PHILOXENIA Programme and fully agrees that the approach of dissemination of best practices and networking will best contribute to environmental protection and cultural heritage conservation in the field of tourism. The Group is especially pleased to see that a “European Prize for

Tourism and the Environment” will be organised every second year, which it considers a particular successful action of stirring a wide public interest in the issue of tourism and the environment, and is convinced that EFTA States will participate actively. The rules for the “European Prize for Tourism” and the Environment should, however, be simplified. It seems worth mentioning in this context that EFTA States have considerable experience in the area of environmentally friendly tourism and that they look forward to sharing this knowledge with other European countries.

26. Concerning the issue of **removing obstacles to tourism development** the EFTA Expert Group on Tourism fully shares the view that “identification of the principle obstacles at European level faced by various forms of tourism as well as specific categories of tourists” and the “development of appropriate responses” should continue under the PHILOXENIA Programme. The Group is convinced that this action will contribute to the diversification of European tourism offer and, therefore, competitiveness. Co-operation with other bodies, such as the OECD Tourism Committee and the World Tourism Organisation could be of great value in this context.

27. As regards the **promotion of Europe as a tourist destination**, the EFTA Expert Group on Tourism would like to point out that marketing the whole continent is a great challenge and will require an enormous knowledge, considering the diversity of cultures and natural environments. The Group, however, looks forward to a continuing dialogue on this issue, and will strongly recommend close co-operation with the NTOs and other relevant bodies in the preparation of an offensive marketing plan.

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